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UNIT TRUSTS  
ABRIDGED ANNUAL REPORT

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2015

**CORONATION**   
FUND MANAGERS  
TRUST IS EARNED

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# REPORT BY THE CHAIRMAN AND MANAGING DIRECTOR

As stewards of our clients' assets, we maintain a single-minded focus on fund management and the delivery of strong investment performance over the long term. Across our fund range all our portfolios are managed according to risk budgets appropriate for the respective investor needs but using the same investment philosophy (the Coronation DNA) of which the defining aspect is our long time horizon.

Focusing on the long term allows us to build client portfolios that are able to outperform over meaningful periods, defined as periods of five years and longer for most funds. We believe this gives us an enduring competitive advantage over other market participants, most of which are fixated on the short term. We are fortunate that in our pursuit of generating long-term outperformance, most of our clients understand that from time to time this may come at the cost of underperformance in the short term. While these periods may be uncomfortable and testing, we have endured them many times before and know that they are the cornerstone of our compelling long-term investment track record as reflected on pages 8 to 15. Importantly, it has been the investment decisions made during these 'challenging' years that have resulted in the great long-term opportunities created for our clients. On page 4, our chief investment officer Karl Leinberger discusses the current long-term positioning across our funds.

We are in the privileged position to report healthy flows across our fund range, thanks to the continued trust that investors place in our ability to deliver strong long-term investment performance. Net inflows amounted to R6.5 billion, which allowed us to remain one of the country's foremost managers of long-term assets within the collective investment schemes industry.

Over the year, the collective investment schemes industry continued to grow its share of the country's overall savings pool, which remains stagnant. Multi-asset funds, which are a core competency for Coronation, were again favoured by investors, attracting nearly half of the industry flows for the year. This was despite a large increase in flows to equity funds attributable to restructuring activities at a number of large multi-managers. Managed income and money market funds saw a return to positive cash flows, recovering from large outflows recorded in the prior year. International funds continued to attract healthy inflows as investors responded to a weak rand and a subdued domestic economic outlook. We maintained market share across all our fund categories, other than a small decline in our share of the South African equity fund category.

Following a number of exceptional years in which we attracted a disproportionately high level of the available investment flows, we are seeing a normalisation of flows, as expected. Our focus in the years ahead will remain on meeting the needs of our clients and ensuring that our funds continue to deliver on their respective mandates.

## INVESTMENT PERFORMANCE .....

At Coronation, all our funds are managed according to the same investment philosophy, a philosophy that has contributed to our being named Raging Bull South African Management Company of the Year for the third consecutive year, and Morningstar Best Large Fund House for the fifth consecutive year. We appreciate that these industry accolades provide some means of a peer benchmark; however, we believe a more accurate barometer of our continued ability to add value to clients is the long-term ranking of our respective funds in the industry performance tables, which we discuss in more detail below.

As at 30 September 2015, the majority of our domestic and international flagship funds ranked in the first quartile of their respective Morningstar categories since their individual launch dates and after the deduction of all fees. Highlights include:

- Coronation Top 20, a top-performing general equity fund since launch in October 2000, has outperformed its benchmark by 4.5% per annum (net of fees) over the same period.
- Coronation Balanced Plus, the no. 1 balanced fund in South Africa since launch in April 1996, has outperformed its competitor by an average of 1.9% p.a. (net of fees) over the same period.
- Coronation Capital Plus, the no.1 multi-asset medium equity fund since launch in July 2001, has outperformed inflation by 7.6% p.a. (net of fees) over the same period.
- Coronation Balanced Defensive, a top-performing conservative fund since launch in February 2007, has outperformed inflation by 4.4% p.a. (net of fees) over the same period.
- Coronation Strategic Income, the no.1 multi-asset income fund since launch in July 2001, has outperformed cash by, on average, 2.8% p.a. since launch (net of fees) over the same period.
- Coronation Global Opportunities Equity [ZAR] Feeder, the no.1 global equity general fund since launch in August 1997, has outperformed the global equity market by 1.4% p.a. (net of fees) over the same period.

- Coronation Global Managed [ZAR] Feeder, the no. 1 global multi-asset high equity fund in South Africa since launch in October 2009, has outperformed its competitor by 1.6% p.a. (net of fees) on average over the same period.

## REGULATORY UPDATE .....

The regulatory agenda in South Africa remains demanding. As a participant in the financial services industry, we fully support the adoption of appropriate regulation that will lead to an increase in household savings and real growth in the economy. In our view, to encourage broader participation in the financial sector it is critical that the needs of the consumer be safeguarded. However, regulatory interventions should be appropriate, subject to cost/benefit analysis, tested for unintended consequences and proportional to the issues that they aim to address. We engage policymakers and regulators to aid in achieving these objectives, and continue to believe that, in most cases, industry associations remain the preferred channel of engagement. We are active participants in the activities of the Association for Savings and Investment South Africa (ASISA) and retain our membership of the Investment Company Institute (ICI Global) to give us a voice in the conversations between the industry and its global regulators.

## CLIENT-CENTRIC FOCUS .....

Given that markets evolve and client preferences change over time, we continuously assess our fund range to ensure that we still meet the needs of our clients. As such, we conducted a detailed fund review during the period that resulted in new fee structures for the majority of our funds as well as changes to selected fund mandates and benchmarks. All our flagship multi-asset funds now charge fixed fees for the sake of simplicity, while we have retained performance-related fees for our equity funds and more specialist high equity multi-asset funds (Market Plus and Optimum Growth) to ensure that we better align charges to outcomes achieved by clients. Some of the groundbreaking aspects of this new fee approach include discounts for investors in our equity funds if we fail to beat market indices over the long term and discounts on fixed fees in our absolute funds if we do not preserve capital. Final implementation of the new fees will be October 2016, with the lower of the new or existing fee structure being charged to clients for the 12 months prior. For full details of specific fee and

benchmark changes within our domestic and rand-denominated international funds, please visit the personal investments section of our website.

Over the past year, we also embarked on a review of all retail client communication with the objective of making it easier for clients to understand our products. In line with our goal of communicating financial terminology in plain, simple language, and with the new regulatory disclosure requirements applicable to individual funds, we introduced comprehensive fact sheets across the entire fund range. By January 2016, the industry will adopt the disclosure of all transaction costs to investors, and by July 2016, the effective annual cost (EAC) model to aid in product comparison across various providers will be implemented. We fully comply with the standard for the calculation and disclosure of performance fees across the collective investments industry, as ratified by ASISA.

We continue to invest in our client service infrastructure. Key initiatives in this regard relate to the prevention of identity theft and cyber crime and ensuring that our infrastructure is responsive to the needs of clients in a changing regulatory environment. In addition, we have embarked on a comprehensive overhaul of our service infrastructure, which includes a transition to a new administration system for our individual retirement products, enhancements to our client online system and plans to enhance the quality of our transaction reporting to clients.

We furthermore continue to ensure that clients are kept abreast of the latest market developments, relevant product updates and investment thought leadership by means of our quarterly newsletter, *Corospondent*.

## ENHANCING OUR PRODUCT RANGE ....

Tax-free investments for non-retirement saving were introduced to South African investors on 1 March 2015. While we support the concept, we believe the existing eligible investment rules are too restrictive and we continue to engage National Treasury to amend the rules accordingly. We introduced the Coronation Tax-Free Investment offering during October 2015, providing investors with access to a sub-set of our funds, which will be extended once the regulatory rules are relaxed.

During the year, our range of international funds saw the addition of the Coronation Global Equity Select [USD] Fund and its associated rand-denominated

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feeder fund, Coronation Global Equity Select [ZAR] Feeder. Within our local general equity funds, we expanded the Coronation Top 20 fund's investment universe to include the entire local equity market (previously limited to the 50 largest shares by market capitalisation on the JSE), and enabled Coronation Equity to invest up to 25% in international equities, plus a further 5% in Africa (outside of South Africa). For investors who still prefer a diversified fund that only holds local shares, the Coronation SA Equity Fund was launched in September 2015.

## PORTFOLIO MANAGER CHANGES .....

For more than a decade, we have enjoyed industry-low staff turnover across our investment team, and very little change among our senior portfolio managers. As such, the business is in the extremely fortunate position of having a large team of investment professionals with the skill and talent to add increased value to client portfolios. Consequently, we communicated a number of promotions within the team during the course of the year, as summarised below:

- Nishan Maharaj, who was appointed head of fixed interest research in May 2015, joined Mark le Roux and Stephen Peirce as co-manager of the Coronation Global Strategic Income fund.
- Adrian van Pallander, an experienced analyst with more than 13 years at Coronation, joined Mark and Nishan as co-manager of the Coronation Strategic Income fund.
- Duane Cable, head of SA equity and previously co-manager of Balanced Plus, has been appointed to co-manage our income-and-growth funds, Capital

Plus and Balanced Defensive, alongside Charles de Kock. Duane replaces Henk Groenewald, who now focuses on research, specifically in the commodity sector, and on co-managing the Coronation Resources Fund. Following Duane's promotion, Karl Leinberger assumed full responsibility for the management of Coronation Balanced Plus and Coronation Equity.

- Adrian Zetler, who has been a member of the Coronation equity team since July 2009, was appointed co-manager of the Coronation Industrial fund alongside Sarah-Jane Alexander. Adrian replaces Dirk Kotzé who now focuses on co-managing a large institutional segregated industrial mandate.
- Pieter Hundersmarck, who has been a member of the emerging markets team since November 2007, and David Cook, who has been a member of this team since October 2009, joined Gavin Joubert and Suhail Suleman as managers of the Coronation Global Emerging Markets Flexible [ZAR] fund.

## LOOKING AHEAD .....

We value the trust that clients place in our ability to create long-term value, and are committed to ensuring that all our funds deliver on their respective mandates.

While the likelihood of continued near-term market challenges persists, as disciplined and rational allocators of capital, we remain solely focused on delivering strong investment outcomes and exceptional levels of service to all our clients.

# REPORT BY THE CHIEF INVESTMENT OFFICER

It has been a turbulent year for investors, with markets across the world suffering losses as sentiment took a significant turn for the worse.

In particular, a slowdown in the Chinese economy contributed to a substantial sell-off in commodities and equity markets, especially emerging markets. With China no longer propping up the global economy, and with the US monetary policy authorities poised to raise interest rates for the first time in eleven years, concerns heightened around global growth.

In our view, indiscriminate selling has left the prices of a number of quality assets at material discounts to their underlying value. For long-term investors such as ourselves, this presents a compelling opportunity to deliver significant value for our investors in the years to come.

At Coronation our investment philosophy is defined by its commitment to the long term. Where many managers are under pressure to perform well over twelve months, we focus on a time horizon of five years and longer. This allows us to invest in assets that we believe are trading below what we believe is their underlying long-term value.

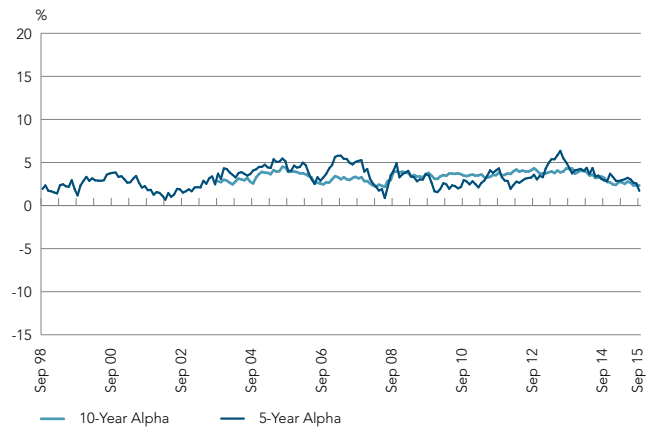
We do not claim any special knowledge on how international events will play out in the short term. Instead, we focus on identifying those assets that are mispriced and that will deliver strong investment returns for our clients in the years ahead. This long-term, valuation-driven investment strategy has delivered compelling results across our fund range throughout our 22 years as an investment house.

As an example, the following chart shows that those clients who invested with us with a 5- or 10-year time horizon, have seen a steady outperformance of the market ('alpha').

However, this compelling long-term track record has come with many challenging periods of short-term underperformance. We often construct portfolios that are quite different to our peers, investing in assets that are shunned by the market. Typically, when assets are bought at 'any' price and others are loathed at 'any' price, it creates a fertile environment for investors like us who take long-term views. This approach will almost always result in short-term underperformance. Our long-term track record includes many such testing periods and we expect to underperform the market, when measured over a 12-month period, in at least one out of every three or four years.

## LONG-TERM TRACK RECORD: ALPHA OVER MEANINGFUL PERIODS

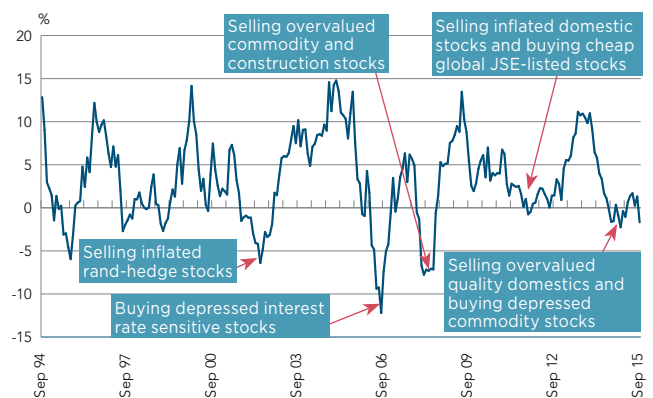
Coronation Houseview Equity



As illustrated in the chart below, which shows alpha over rolling one-year periods, it is in these periods of relative underperformance that we have typically made our best investment decisions (which then added significant value in subsequent years).

## LONG-TERM TRACK RECORD: ONE-YEAR ROLLING ALPHA

Coronation Houseview Equity



We are currently seeing more disconnects between price and value than at any time since 2007, and our portfolios are positioned in order for clients to benefit from these views in time.

We are committed to remain patient, disciplined and long-term investors, and take great care to invest only in assets that match the risk profile of your fund.

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## INVESTMENT REVIEW .....

The outlook for South Africa deteriorated over the year, with structural problems becoming more painfully evident. The government's financial position is under pressure, and depressed business and consumer confidence is contributing to a very weak environment for companies.

The rand remains the release valve for the country's ills, but it is ultimately a short-term fix for long-term problems. Despite the weak economy, the Reserve Bank is committed to normalising interest rates. Although a very mild cycle is anticipated, the combination of rising interest rates and a sluggish economy does not bode well for domestic equities.

As a result, we continue to prefer international investments, in particular selected companies in emerging markets. This view has been implemented on behalf of investors in our multi-asset funds, where offshore exposure remains at, or close to, the maximum limit of 25%. We are finding many high quality companies with strong management teams and excellent prospects at bargain basement prices amid a widespread sell-off in these markets. We think this offers a great opportunity. We are very careful to make sure the size of our position in emerging markets is appropriate. We take risk management very seriously and would never build portfolios that are dependent on a single view, especially not one that can not be forecasted with certainty.

Resource shares have seen a severe sell-off, fuelled by concerns over China's economy, as well as the weaker outlook for global growth. This presents a good opportunity for the valuation-driven, patient investor who is prepared to take a long-term view. Based on our assessment of fair value, resources are attractive enough to warrant moderate exposures in our equity and balanced portfolios. However, given that China remains an imponderable, our commodity position is not portfolio defining.

We believe yields on global bonds are too low and do not offer value. In our view, the real returns from cash and bonds are likely to be relatively poor over the medium term, both from a local and global perspective.

We expect the quality domestic properties to grow distributions in line with inflation over the medium term and continue to hold the higher-quality names, which we believe will produce better returns than bonds and cash over the long term.

## LOOKING AHEAD .....

Our focus is on creating portfolios that are future-proofed and robust - portfolios that can handle the unexpected in the years ahead.

The future will not look like the past. We have seen remarkable returns across most asset classes for an extended period. This has resulted in an abnormal situation and we have cautioned investors for some time to expect lower returns from markets.

This environment will require active asset allocation and presents managers with an opportunity to make a significant difference in portfolio outcomes.

In conclusion, financial markets are likely to remain volatile. While this may be uncomfortable at times, we have consistently found that it is during such periods, when emotion trumps all, that we have added the most value in client portfolios. This positioning may take time to be vindicated, but history has shown that a disciplined, unemotive investment philosophy can deliver compelling results over long periods of time.

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# BOARD OF DIRECTORS



## SHAMS PATHER

Independent non-executive chairman, 65  
BBusSc, BCom (Hons), MBA



Shams has been a member of the board of Coronation Management Company (RF) (Pty) Ltd since 2012 and was appointed chairman in January 2014. He also chairs the board of Coronation Fund Managers Ltd. Shams has more than 30 years' experience in the asset management industry. From 1974 to 2003 he worked at Norwich Union, Colonial Mutual Life Assurance, Southern Life and Real Africa Asset Management. Directorships include Oceana Group Ltd, Lungisa Industrial (Pty) Ltd, Lungisa Technologies (Pty) Ltd, Lungisa Investment Holdings (Pty) Ltd, Centre for Proteomics and Genomics Research and Kagiso Tiso Holdings (Pty) Ltd. Shams is also a member of the UCT Joint Investment Council.

## MADICHABA MOHOPE

Independent non-executive director, 37  
BBusSci, CA(SA)



Madichaba Mohope is a Principal at Trinitas Private Equity Fund. She joined Trinitas in 2011 as an investment professional and is involved in deal evaluation and execution. Madichaba also sits on the boards of various portfolio companies. Prior to joining Trinitas, she completed her articles with PricewaterhouseCoopers in 2004 and after some time in the firm's corporate finance division, joined RMB Ventures as an investment professional in 2007. Madichaba was appointed as an independent non-executive director of Coronation Management Company (RF) (Pty) Ltd and Coronation Life Assurance Company Ltd in August 2015.

## ANTON PILLAY

Managing director, 45  
BBusSc, CA(SA), CFA, AMP (Harvard)



Anton is managing director of Coronation Management Company (RF) (Pty) Ltd and has been a member of the board since February 2013. He also is chief executive officer of Coronation Fund Managers Ltd. Anton joined Coronation in January 2006 from BoE (Pty) Ltd, where he held a number of key positions and directorships. He has extensive knowledge and experience of the investment and banking industry.

## ALEXANDRA WATSON

Independent non-executive director, 59  
BCom (Hons), CA(SA)



Alexandra is a professor at the University of Cape Town, where she is the co-ordinator of teaching and learning in the college of accounting. She is a former chairman of the accounting practices committee, the technical accounting committee of SAICA, and was an independent director of Coronation Investments and Trading Ltd. Alexandra is a board member of the Global Reporting Initiative, an Amsterdam-based organisation promoting understanding and communication of sustainability issues. She chairs the council of Herschel Girls School. Alexandra was appointed to the board of Coronation Management Company (RF) (Pty) Ltd in August 2012 and is an independent non-executive director of Coronation Fund Managers Ltd.

## LULAMA BOYCE

Independent non-executive director, 36  
BCom (Hons), CA(SA)



Lulama is a senior lecturer and subject head for the department of commercial accounting at the University of Johannesburg. She graduated from the University of Cape Town in 2002 and served her articles at Grant Thornton Johannesburg. She is a former account manager of the Industrial Development Corporation (IDC) and was part of the Transport and Financial Services business unit from 2008 to 2011. She is a former project finance consultant and served on the audit committee of Automotive Supplier Park (ASP) - 2007 to 2009. Lulama was appointed to the board of Coronation Management Company (RF) (Pty) Ltd in February 2014 and is an independent non-executive director of Coronation Life Assurance Company Ltd and Coronation Fund Managers Ltd.



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# REPORT OF THE TRUSTEE

We, Standard Chartered Bank, Johannesburg Branch, in our capacity as trustee of the Coronation Unit Trust Scheme (the Scheme), have prepared a report in terms of Section 70(1)(f) of the Collective Investment Schemes Control Act, 45 of 2002, as amended (the Act), for the period 1 October 2014 up to and including 30 September 2015 (the Report). The Report is available from us and/or Coronation Management Company (RF) (Pty) Limited (The Manager).

This letter is an abridged version of the Report.

Having fulfilled our duties as required by the Act, we confirm that the Manager of the Scheme has in general administered the Scheme:

(i) within the limitations on the investment and borrowing powers of the Manager imposed by the Act, and  
(ii) in accordance with the provisions of the Act and the trust deeds.

Should any investor require a copy of the Report, kindly contact the Manager.

**Chantell Kruger**  
*Senior Manager*

**Henning Bisschoff**  
*Head, TB SA*

Trustee Services

30 October 2015

## DOMESTIC FLAGSHIP FUND RANGE

Coronation offers a range of domestic and international funds to cater for the majority of investor needs. These funds share the common Coronation DNA of a disciplined, long-term focused and valuation-based investment philosophy and our commitment to provide investment excellence.

INVESTOR NEED	FUND	1-YEAR ANNUALISED RETURN TO SEPTEMBER 2015 (%)	1-YEAR ANNUALISED RETURN TO SEPTEMBER 2014 (%)	5-YEAR ANNUALISED RETURN TO SEPTEMBER 2015 (%)
	<b>TOP 20<sup>1</sup></b>	(2.7)	9.6	13.6
	FTSE/JSE Top 40 Index	4.9	15.2	14.8
	Alpha	(7.6)	(5.6)	(1.2)
	<b>BALANCED PLUS</b>	5.9	13.6	14.1
	Composite equities, bonds and cash benchmark <sup>2</sup>	8.5	13.4	13.9
	Alpha	(2.6)	0.1	0.2
	<b>CAPITAL PLUS</b>	3.2	10.4	10.6
	CPI <sup>3</sup>	4.6	5.9	5.5
	Real return	(1.4)	4.5	5.1
	<b>BALANCED DEFENSIVE</b>	6.5	10.3	11.5
	CPI <sup>3</sup>	4.6	5.9	5.5
	Real return	1.9	4.4	6.0
	<b>STRATEGIC INCOME</b>	7.2	7.8	8.8
	Cash	6.6	6.0	6.1
	Premium over cash	0.6	1.9	2.7

Source: Morningstar as at 30 September 2015

<sup>1</sup> Following investor approval, the Top 20 Fund's investable universe was broadened to include the entire universe of equities listed on the JSE with effect from 1 December 2015. Prior to this date, the fund was only allowed to invest in the 50 largest shares listed on the JSE.

<sup>2</sup> Benchmark for the Balanced Plus Fund comprises: 52.5% equity, 22.5% bonds, 20% international and 5% cash.

<sup>3</sup> Actual figures

10-YEAR ANNUALISED RETURN TO SEPTEMBER 2015 (%)	ANNUALISED RETURN SINCE LAUNCH TO SEPTEMBER 2015 (%)	VALUE OF R100 000 INVESTED AT LAUNCH (R)	FUND DESCRIPTION AND LAUNCH DATE
16.2	20.2	1 572 499	A concentrated portfolio of 15-20 shares selected from the 50 largest JSE-listed companies <sup>1</sup> , compared to the average equity fund holding 40-60 shares. The fund requires a longer investment time horizon and is an ideal building block for investors who wish to blend their equity exposure across a number of funds. Investors who prefer to own just one equity fund may consider the more broadly diversified Coronation Equity fund. <i>Launched in October 2000</i>
14.4	15.6	881 716	
1.8	4.5	690 783	
14.3	16.1	1 805 019	Best investment view across all asset classes. Ideal for pre-retirement savers as it is managed in line with the investment restrictions that apply to pension funds. If you are not saving within a retirement vehicle, consider Market Plus, the unconstrained version of this mandate. <i>Launched in April 1996</i>
13.6	14.1	1 300 377	
0.7	1.9	504 642	
11.5	13.6	615 660	Focused on providing a growing regular income. The fund has a higher risk budget than the typical income-and-growth fund, making it ideal for investors in retirement seeking to draw an income from their capital over an extended period of time. <i>Launched in July 2001</i>
6.1	6.0	230 348	
5.4	7.6	385 312	
-	10.8	241 563	A lower risk alternative to Capital Plus for investors requiring a growing regular income. The fund holds less growth assets and more income assets than Capital Plus and has a risk budget that is in line with the typical income-and-growth portfolio. <i>Launched in February 2007</i>
-	6.4	170 038	
-	4.4	71 525	
9.3	10.7	426 879	Conservative asset allocation across the yielding asset classes. Ideal for investors looking for an intelligent alternative to cash or bank deposits over periods from 12 to 36 months. <i>Launched in July 2001</i>
7.9	8.8	331 132	
1.4	2.0	95 747	

# INTERNATIONAL FLAGSHIP FUND RANGE

INVESTOR NEED	FUND	1-YEAR ANNUALISED RETURN TO SEPTEMBER 2015 (%)	1-YEAR ANNUALISED RETURN TO SEPTEMBER 2014 (%)	3-YEAR ANNUALISED RETURN TO SEPTEMBER 2015 (%)
LONG-TERM CAPITAL GROWTH	<b>GLOBAL EMERGING MARKETS FLEXIBLE [ZAR]</b>	(17.7)	12.7	9.5
	MSCI Emerging Markets (US\$)	(0.7)	17.8	12.7
	Alpha	(17.0)	(5.0)	(3.2)
	<b>GLOBAL OPPORTUNITIES EQUITY [ZAR] FEEDER</b>	15.3	21.0	27.6
	MSCI World Index (US\$)	17.0	26.9	29.4
	Alpha	(1.7)	(5.9)	(1.8)
	<b>GLOBAL MANAGED [ZAR] FEEDER</b>	6.9	18.5	21.9
	Composite equities and bonds benchmark <sup>1</sup>	17.5	21.0	23.6
	Alpha	(10.6)	(2.6)	(1.7)
	<b>GLOBAL CAPITAL PLUS [ZAR] FEEDER</b>	13.9	13.6	19.1
CAPITAL PRESERVATION	50% Libor + 50% Euribor (US\$) + 1.5%	17.2	9.1	17.7
	Alpha	(3.3)	4.6	1.4
	<b>GLOBAL STRATEGIC USD INCOME [ZAR] FEEDER</b>	22.0	15.2	-
CASH ALTERNATIVE	110% of 3-month Libor	22.9	12.8	-
	Alpha	(0.9)	2.4	-

Source: Morningstar as at 30 September 2015

Returns are in rands. For US\$ returns, refer to the September 2015 fund fact sheets in the Personal Investments section of [www.coronation.com](http://www.coronation.com).

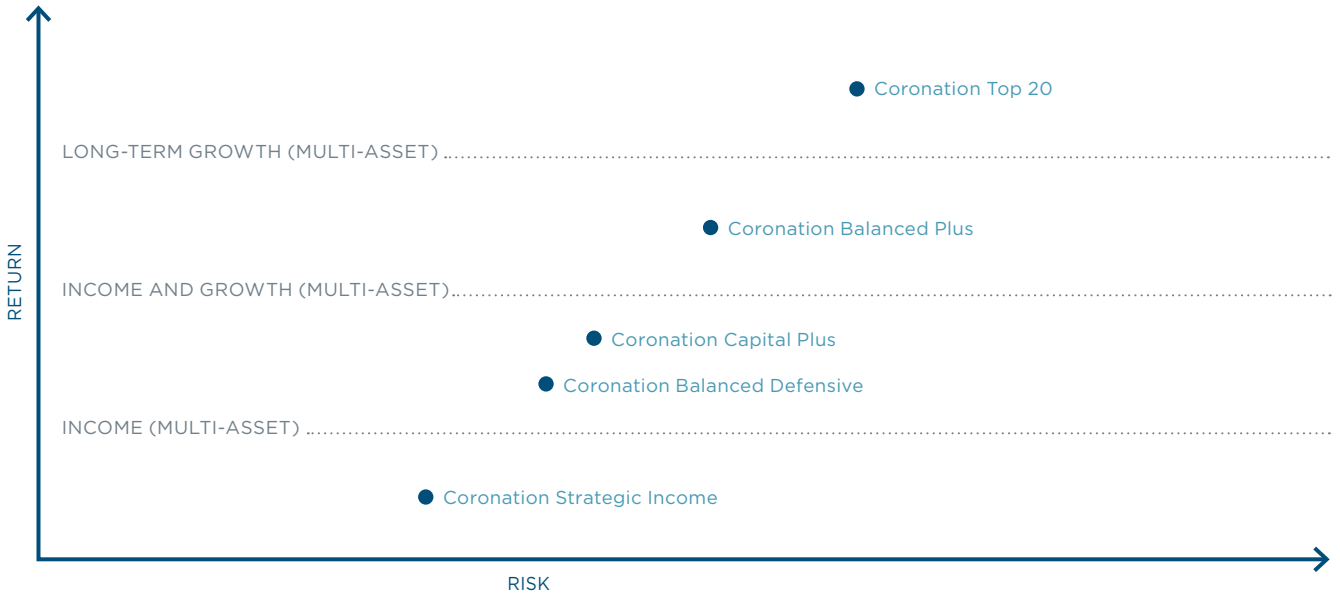
<sup>1</sup> Benchmark for the Coronation Global Managed Fund comprises: 60% MSCI World Index and 40% Citigroup World Government Bond Index.

5-YEAR ANNUALISED RETURN TO SEPTEMBER 2015 (%)	ANNUALISED RETURN SINCE LAUNCH TO SEPTEMBER 2015 (%)	VALUE OF R100 000 INVESTED AT LAUNCH (R)	FUND DESCRIPTION AND LAUNCH DATE
9.9	7.6	176 575	Our top stock picks from companies providing exposure to emerging markets. The US dollar fund remains fully invested in equities at all times, while the rand fund will reduce equity exposure when we struggle to find value. <i>Launched in December 2007</i>
11.0	6.3	160 110	
(1.1)	1.4	16 465	
22.6	12.9	906 328	A diversified portfolio of the best global equity managers (typically 10-15) who share our investment philosophy. An ideal fund for investors who prefer to own just one global equity fund. Investors who want to blend their international equity exposure may consider Coronation Global Equity Select, which has more concentrated exposure to our best global investment views. <i>Launched in August 1997</i>
24.9	11.5	727 819	
(2.3)	1.4	178 509	
19.6	16.0	240 967	A global balanced fund reflecting our best long-term global investment view for investors seeking to evaluate outcomes in hard currency terms. Will invest in different asset classes and geographies, with a bias towards growth assets in general and equities in particular. <i>Launched in October 2009</i>
20.9	16.6	248 007	
(1.3)	(0.6)	(7 040)	
16.4	10.6	200 857	A low-risk global balanced fund reflecting our best long-term global investment view moderated for investors with smaller risk budgets. We offer both hedged and houseview currency classes of this fund. In the case of the former, the fund aims to preserve capital in the class currency over any 12-month period. <i>Launched in November 2008</i>
14.6	6.5	155 128	
1.8	4.1	45 730	
-	17.2	139 199	An intelligent alternative to dollar-denominated bank deposits over periods of 12 months or longer. <i>Launched on 30 August 2013</i>
-	15.7	135 421	
-	1.5	3 778	

# DOMESTIC FLAGSHIP FUNDS DELIVERING ON THEIR MANDATES

## EXPECTED RISK VERSUS RETURN POSITIONING

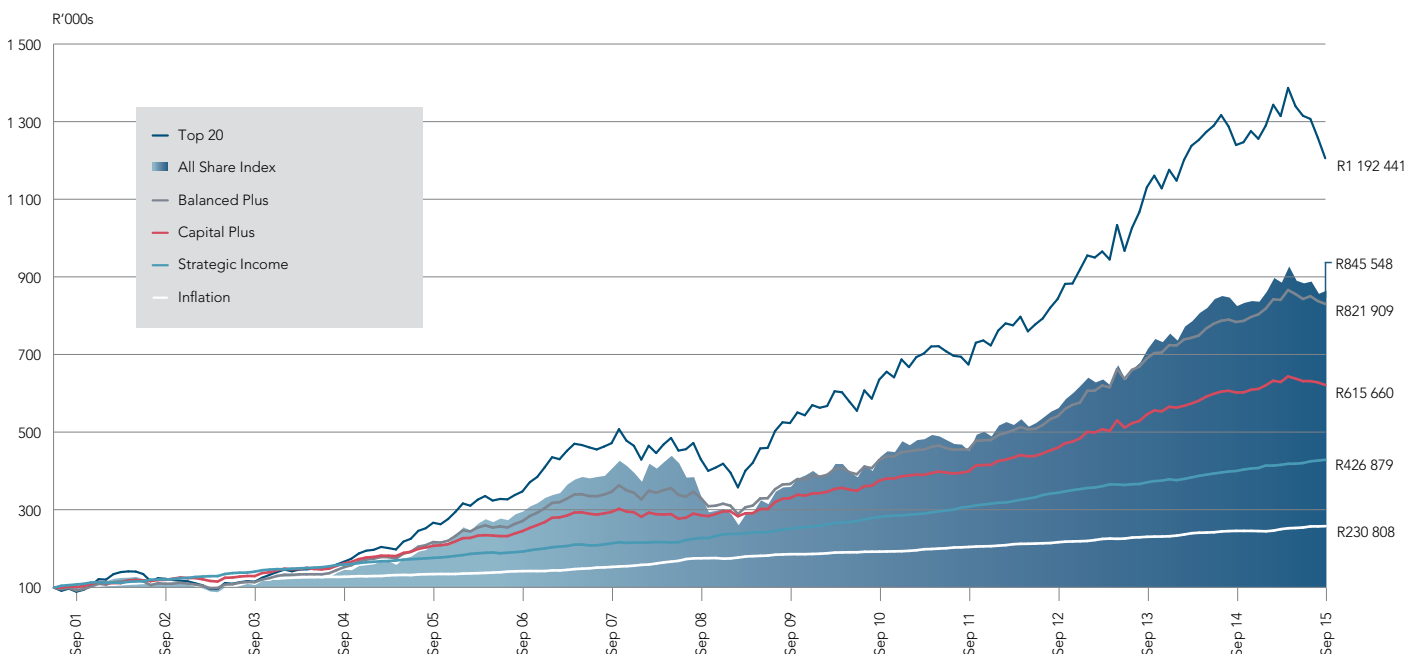
Expected risk and return positioning for the domestic flagship funds after all income reinvested and all costs deducted.



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## GROWTH OF R100 000 INVESTED

Value of R100 000 invested in Coronation's domestic flagship funds since inception of Capital Plus on 1 July 2001 as at 30 September 2015. All income reinvested for funds. FTSE/JSE All Share Index is on a total return basis. Balanced Defensive is excluded as it was only launched on 2 February 2007.

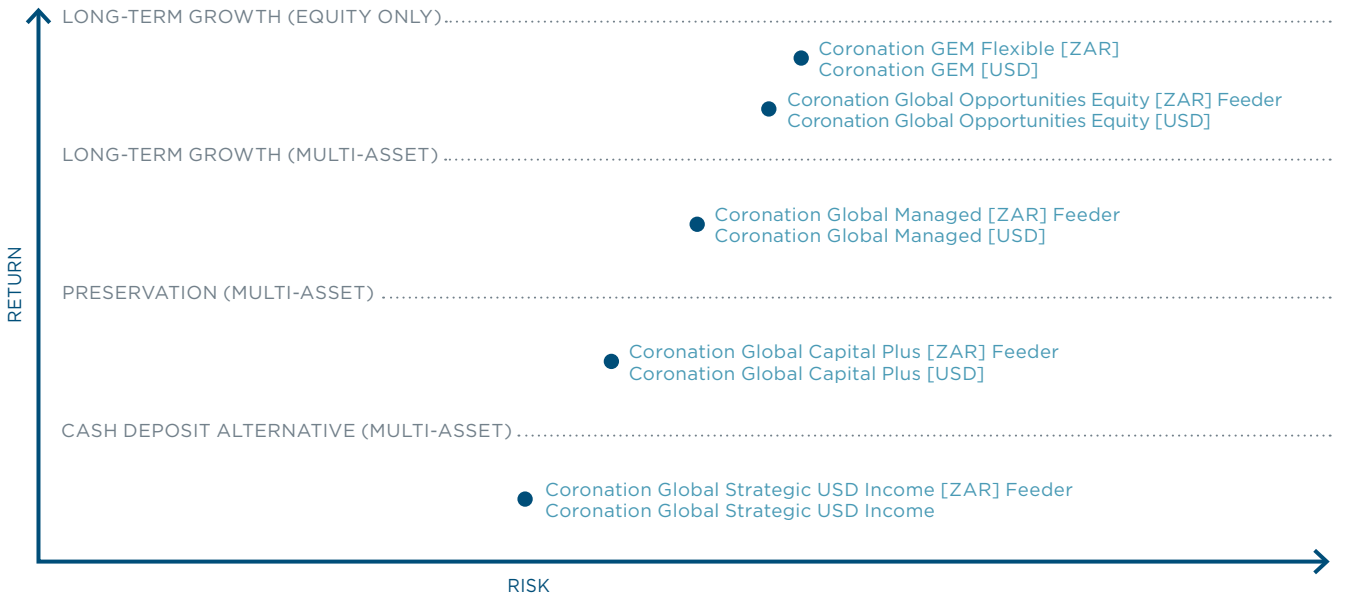


Source: Morningstar as at 30 September 2015

# INTERNATIONAL FLAGSHIP FUNDS DELIVERING ON THEIR MANDATES

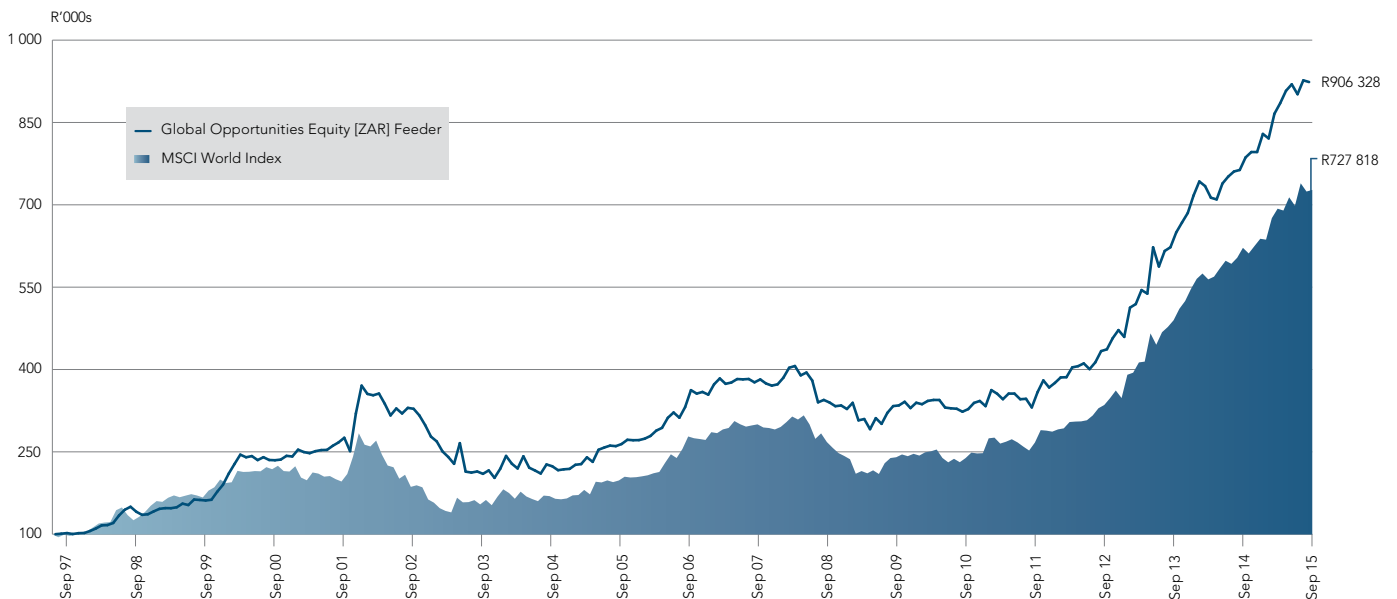
## EXPECTED RISK VERSUS RETURN POSITIONING

Expected risk and return positioning for both rand and dollar-denominated funds after all income reinvested and all costs deducted.



## GROWTH OF R100 000 INVESTED

Value of R100 000 invested in Global Opportunities Equity [ZAR] Feeder on 1 August 1997 as at 30 September 2015. All income reinvested for funds. MSCI World Index is on a total return basis. Global Capital Plus [ZAR] Feeder, Global Emerging Markets Flexible [ZAR], Global Managed [ZAR] Feeder and Global Strategic USD Income [ZAR] Feeder, which were launched between 2007 and 2012, have not been included.



Source: Morningstar as at 30 September 2015

## SPECIALISED FUND RANGE

INVESTOR NEED	FUND	1-YEAR ANNUALISED RETURN TO SEPTEMBER 2015 (%)	1-YEAR ANNUALISED RETURN TO SEPTEMBER 2014 (%)	5-YEAR ANNUALISED RETURN TO SEPTEMBER 2015 (%)
LONG-TERM GROWTH	DOMESTIC: EQUITY <sup>1</sup>	1.9	11.9	14.8
	SA EQUITY <sup>2</sup>	-	-	-
	MARKET PLUS	2.3	12.8	14.4
	OPTIMUM GROWTH	0.1	18.4	18.2
	INTERNATIONAL: GLOBAL EQUITY SELECT [ZAR] FEEDER <sup>3</sup>	-	-	-
INCOME AND GROWTH	PROPERTY EQUITY	23.6	16.2	19.2
	MONEY MARKET	6.5	5.6	5.8
INCOME	PREFERENCE SHARE	1.2	11.4	4.9
	JIBAR PLUS	6.9	6.1	6.5
	BOND	6.4	6.9	8.0
BUILDING BLOCK FUNDS	FINANCIAL	16.0	23.2	19.1
	INDUSTRIAL	20.4	16.7	23.9
	RESOURCES	(39.1)	10.3	(4.3)
	SMALLER COMPANIES	(4.8)	13.4	10.8

Source: Morningstar as at 30 September 2015

<sup>1</sup> As of 1 October 2015, the Equity Fund may invest up to 25% in international equities and a further 5% in African equities (outside of SA).

<sup>2</sup> The Coronation SA Equity Fund was launched on 30 September 2015.

<sup>3</sup> The Coronation Global Equity Select [ZAR] Feeder Fund was launched 30 April 2015.



10-YEAR ANNUALISED RETURN TO SEPTEMBER 2015 (%)	ANNUALISED RETURN SINCE LAUNCH TO SEPTEMBER 2015 (%)	VALUE OF R100 000 INVESTED AT LAUNCH (R)	FUND DESCRIPTION AND LAUNCH DATE
15.2	17.2	2 169 220	Seeks to maximise long-term capital appreciation by investing primarily in a broad spectrum of listed equities. <i>Launched in April 1996</i>
-	-	-	Seeks to achieve the best possible long-term growth from investing in SA shares. <i>Launched in September 2015</i>
14.4	17.8	1 026 419	Best investment view across all asset classes. Ideal multi-asset fund for discretionary savers. <i>Launched in July 2001</i>
12.0	14.5	940 403	Best rand risk-adjusted returns from a global multi-asset class portfolio. <i>Launched in March 1999</i>
-	-	88 034	Best investment view across global equity markets. <i>Launched in April 2015</i>
18.2	20.8	1 647 388	A sector-specific equity fund that invests in quality listed property assets. <i>Launched in November 2000</i>
7.3	8.3	360 181	Aims to provide a higher level of income than fixed deposits and call accounts. <i>Launched in October 1999</i>
-	6.0	168 341	An income-producing, tax-efficient fund that primarily invests in preference shares for investors with a short investment horizon (less than three years). <i>Launched in October 2006</i>
7.5	9.3	395 241	A conservative short-term parking vehicle for capital. <i>Launched in April 2000</i>
8.6	11.8	759 125	Provides well-diversified exposure to the SA bond market. <i>Launched in August 1997</i>
16.2	14.6	1 046 141	A sector-specific equity fund representing our top financial services stock picks. <i>Launched in July 1998</i>
20.6	20.3	2 434 591	A sector-specific equity fund representing our top industrial stock picks. <i>Launched in July 1998</i>
6.0	14.2	835 338	A sector-specific equity fund representing our top resources stock picks. <i>Launched in October 1999</i>
11.4	12.9	942 984	A sector-specific equity fund representing our top small and mid-cap stock picks. <i>Launched in April 1997</i>

For full details on fund fees, please visit the Personal Investments section of [www.coronation.com](http://www.coronation.com) or contact Client Service on 0800 22 11 77. Kindly note that we have recently announced new fees across most of our funds, effective 1 October 2016.

For full details on fund composition, kindly refer to the respective comprehensive fact sheets available in the Personal Investments section of [www.coronation.com](http://www.coronation.com).

# SCHEDULE OF DISTRIBUTIONS

## DISTRIBUTION TO UNIT HOLDERS FOR THE YEAR ENDED 30 SEPTEMBER 2015 (CENTS PER UNIT)

FUND NAME AND CLASS	31 DEC 2014	31 MAR 2015	30 JUN 2015	30 SEP 2015								
Balanced Defensive Fund A	1.35	1.45	1.41	1.55								
Balanced Plus Fund A		77.96		92.93								
Bond Fund R		36.98		47.64								
Capital Plus Fund A	16.88	27.47	21.69	28.41								
Equity Fund A		104.04		132.57								
Financial Fund A		44.28		77.31								
Global Emerging Markets Flexible [ZAR] Fund A		0.00		0.00								
Global Capital Plus [ZAR] Feeder Fund A		0.00		0.00								
Global Managed [ZAR] Feeder Fund A		0.00		0.00								
Global Opportunities [ZAR] Feeder Fund A		0.00		0.00								
Global Strategic USD Income [ZAR] Fund A		0.00		0.00								
Industrial Fund A		99.12		80.38								
Jibar Plus Fund A	18.24	18.19	18.41	19.14								
Market Plus Fund A		78.38		101.78								
Optimum Growth Fund A		4.18		27.61								
Preference Share Fund A	0.97	1.81	1.43	2.43								
Property Equity Fund A	37.54	78.81	60.09	68.08								
Resources Fund A		56.63		152.40								
Smaller Companies Fund R		40.14		75.09								
Strategic Income Fund A	23.50	22.67	23.64	24.46								
Top 20 Fund A		103.05		181.47								
	2014			2015								
	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
Money Market Class A	6.35	6.42	6.36	6.54	6.62	6.53	6.55	6.53	6.54	6.69	6.77	6.79

Distributions history shown for primary unit class of each fund. Distributions history for other unit classes are available from Client Service on request.  
Contact 0800 22 11 77 or [clientservice@coronation.co.za](mailto:clientservice@coronation.co.za)

# ABRIDGED FINANCIAL STATEMENTS

## CORONATION FUNDS ABRIDGED INCOME STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

Rand	Balanced Defensive	Balanced Plus	Bond	Capital Plus	Equity	Financial
Net income from operations before finance costs	2 381 908 671	4 198 885 745	28 071 311	742 409 908	167 026 994	67 060 942
Total finance costs	1 300 514 800	1 515 409 251	49 518 264	549 806 838	131 202 169	10 700 787
Distributions	1 297 595 075	1 499 579 014	49 518 264	547 234 589	128 719 644	10 675 137
Withholding tax on foreign dividends	2 919 725	15 830 237	-	2 572 249	2 482 525	25 650
Change in net assets attributable to unit holders	1 081 393 871	2 683 476 494	(21 446 953)	192 603 070	35 824 825	56 360 155

Rand	Global Capital Plus [ZAR] Feeder	Global Emerging Markets Flexible [ZAR]	Global Managed [ZAR] Feeder	Global Opportunities [ZAR] Feeder	Global Strategic [ZAR] Feeder	Industrial
Net income from operations before finance costs	238 122 054	(528 359 295)	234 000 358	851 199 128	146 179 041	234 944 956
Total finance costs	-	4 339 267	-	-	-	16 307 308
Distributions	-	-	-	-	-	15 406 880
Withholding tax on foreign dividends	-	4 339 267	-	-	-	900 428
Change in net assets attributable to unit holders	238 122 054	(532 698 562)	234 000 358	851 199 128	146 179 041	218 637 648

Rand	Jibar Plus	Market Plus	Money Market	Optimum Growth	Preference Share	Property Equity
Net income from operations before finance costs	140 093 599	167 954 083	712 484 039	14 627 593	(78 390)	527 348 233
Total finance costs	142 029 001	154 802 825	712 484 039	36 403 402	17 487 095	107 012 016
Distributions	142 029 001	153 630 840	712 484 039	26 244 810	17 487 095	106 893 860
Withholding tax on foreign dividends	-	1 171 985	-	10 158 592	-	118 156
Change in net assets attributable to unit holders	(1 935 402)	13 151 258	-	(21 775 809)	(17 565 485)	420 336 217

Rand	Resources	Smaller Companies	Strategic Income	Top 20
Net income from operations before finance costs	(70 184 995)	(7 575 294)	1 594 971 394	(419 823 162)
Total finance costs	3 734 700	2 914 349	1 439 635 638	506 912 017
Distributions	3 734 700	2 914 349	1 437 820 247	498 404 583
Withholding tax on foreign dividends	-	-	1 815 391	8 507 434
Change in net assets attributable to unit holders	(73 919 695)	(10 489 643)	155 335 756	(926 735 179)

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# ABRIDGED FINANCIAL STATEMENTS (CONTINUED)

## CORONATION FUNDS ABRIDGED BALANCE SHEETS AS AT 30 SEPTEMBER 2015

Rand	Balanced Defensive	Balanced Plus	Bond	Capital Plus	Equity	Financial
Total assets	39 637 970 112	82 388 048 826	845 999 523	22 531 970 329	7 042 206 942	545 796 886
Total liabilities, excluding net assets attributable to unit holders	626 800 408	1 720 222 054	37 713 475	284 307 424	202 757 373	10 654 235
Net assets attributable to unit holders	39 011 169 704	80 667 826 772	808 286 048	22 247 662 905	6 839 449 569	535 142 651
Rand	Global Capital Plus [ZAR] Feeder	Global Emerging Markets Flexible [ZAR]	Global Managed [ZAR] Feeder	Global Opportunities [ZAR] Feeder	Global Strategic [ZAR] Feeder	Industrial
Total assets	1 835 398 258	2 494 448 732	5 029 317 065	6 596 890 010	879 758 790	1 602 428 445
Total liabilities, excluding net assets attributable to unit holders	9 912 471	50 156 879	11 985 643	35 178 174	3 147 879	34 352 479
Net assets attributable to unit holders	1 825 485 787	2 444 291 853	5 017 331 422	6 561 711 836	876 610 911	1 568 075 966
Rand	Jibar Plus	Market Plus	Money Market	Optimum Growth	Preference Share	Property Equity
Total assets	2 831 797 646	6 175 450 937	11 254 924 504	4 769 024 558	219 650 522	2 783 770 997
Total liabilities, excluding net assets attributable to unit holders	201 780 864	168 897 193	62 584 523	50 265 458	6 216 542	41 962 017
Net assets attributable to unit holders	2 630 016 782	6 006 553 744	11 192 339 981	4 718 759 100	212 818 310	2 741 808 980
Rand	Resources	Smaller Companies	Strategic Income	Top 20		
Total assets	111 423 635	158 941 216	23 068 379 574	19 315 714 117		
Total liabilities, excluding net assets attributable to unit holders	5 583 495	2 044 278	439 584 283	555 174 565		
Net assets attributable to unit holders	105 840 140	156 896 938	22 628 795 291	18 760 539 552		

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# COMPANY INFORMATION

## CORONATION MANAGEMENT COMPANY (RF) (PTY) LIMITED

### BOARD OF DIRECTORS

Shams Pather (Chairman)<sup>†</sup>, Anton Pillay (Managing Director), Lulama Boyce<sup>†</sup>, Madichaba Mohopet,  
Alexandra Watson<sup>†</sup>,

<sup>†</sup> *Independent non-executive*

### COMPANY SECRETARY

Lee-Anne Parenzee

### REGISTRATION NUMBER

1995/010002/07

### BANKERS

Nedbank Corporate Services, South Wing, Clock Tower Precinct, V&A Waterfront, Cape Town 8001

### AUDITORS

Ernst & Young Inc., Ernst & Young House, 35 Lower Long Street, Cape Town 8001

CLIENT SERVICE: 0800 22 11 77

E-MAIL: [clientservice@coronation.co.za](mailto:clientservice@coronation.co.za)

WEBSITE: [www.coronation.co.za](http://www.coronation.co.za)

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## The Coronation Client Charter

we strive to  
always put  
clients first

we have an  
unwavering  
commitment  
to the long  
term

we focus on  
producing top  
performance  
over all  
meaningful  
periods

we are  
uncompromising  
about ethics

CAPE TOWN

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